

Message Text

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44

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 XMB-02 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 INT-05 FEAE-00 FPC-01 AF-06 /102 W

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R 181245Z JUN 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 2591

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

C O N F I D E N T I A L ALGIERS 1405

PASS USDOC AND EXIMBANK

E.O. 11652: GDS

TAGS: EFIN, AG, TC

SUBJECT: ABU DHABI LOAN TO ALGERIA

REF: (A) ALGIERS 1277 (B) ALGIERS 1260 (C) ALGIERS 1214

1. ALGERIA HAS SUCCEEDED IN FINDING SOME CAPITAL TO MEET ITS NEEDS. THE UBAF LOAN TO SONATRACH FOR GAS MODULES AT HASSI R'MEL FOR 100 MILLION HAS BEEN CONCLUDED. FINAL 10 MILLION WAS TAKEN UP BY NUMBER OF US BANKS IN SMALL AMOUNTS IN ORDER TO KEEP IN ALGERIAN GOOD GRACES.

2. NATIONAL BANK OF ALGERIA, BNA, HAS ARRANGED 40 MILLION DOLLAR DIRECT KUWAIT DINAR LOAN. THIS LOAN
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WILL BE PUBLISHED TOWARD END OF JUNE. FIRST NATIONAL

CITY BANK (FNCB) WILL BE MEMBER OF SELLING GROUP, BUT SAYS LOAN HAS ALREADY BEEN MARKETED.

3. FNCB, PROTECT, SAYS IT HAS NOTICED LARGE 100 TO 300 MILLION DOLLAR PAYMENTS FROM SAUDI ARABIA TO ALGERIA. FNCB WISHED TO KNOW WHAT THIS WAS IN PAYMENT FOR; BUT SINCE THERE ARE NO KNOWN SALES OR DEBTS FROM SAUDI ARABIA TO ALGERIA, THEY MUST BE SOME SORT OF SAUDI GRANTS TO ALGERIA. EMBASSY BELIEVED THIS WAS GOAL OF ALGERIAN FORNMIN BOUTEFLIKA'S TRIP BUT HAS NO PROOF OF CONNECTION. WOULD APPRECIATE ANY INFORMATION ON THESE PAYMENTS AVAILABLE IN JIDDA.

4. ECONOFF HAD NOT HEARD OF ABU DHABI LOAN TO ALGERIA OF 50 MILLION DOLLARS (ABU DHABI 1287), BUT IT DOES FIT WITH ABOVE INFORMATION. IT IS INTERESTING THAT FNCB IS GOING TO ABU DHABI TO LOAN THEM 75 MILLION DOLLARS.

5. FINALLY, FNCB SAYS THAT ALGERIA IS SEEKING TO PUT TOGETHER ANOTHER EURODOLLAR LOAN IN THE 500 MILLION DOLLAR SIZE. BANKS VISITING ALGIERS EMPHASIZE THAT GOA WILL HAVE TO PAY MORE THAN 1 3/8 OVER LIBEL. RATE COULD WELL BE NEAR 2 OVER LIBEL. OTHER US BANKS ARE REFUSING TO CONSIDER LOANS UNTIL ADEQUATE MONETARY STATISTICS ARE AVAILABLE. FNCB IS OPERATING ON 1973 STATISTICS AND SAYS PROSPECTUS FOR KUWAITI LOAN IS NOTABLE FOR ITS INACCURACIES AND LACK OF INFORMATION.

6. ALL US BANKS SEEN BY EMBASSY AND EMBASSY ARE VERY WORRIED ABOUT ALGERIAN FOREIGN EXCHANGE POSITION. IMF JUNE STATISTICS SHOW ALGERIAN FOREIGN EXCHANGE RESERVES DOWN TO 609 MILLION DOLLARS IN APRIL WITH NO CHANGE IN CONTINUING 150 MILLION DOLLAR A MONTH DECLINE. ALGERIAN FOREIGN EXCHANGE RESERVES IN APRIL WOULD COVER ONLY A LITTLE OVER ONE MONBH'S IMPORTS.LYNE

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